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7 IN THE UNITED STATES DISTRICT COURT
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9 FOR THE NORTHERN DISTRICT OF CALIFORNIA
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11 VNUS MEDICAL TECHNOLOGIES, INC. No. C-05-2972 MMC

12 Plaintiff

13 v.

14 DIOMED HOLDINGS, INC., et al.,

**ORDER GRANTING IN PART AND
DENYING IN PART DEFENDANTS'
MOTION IN LIMINE NO. 4; DENYING AS
MOOT PLAINTIFF'S MOTIONS IN
LIMINE NOS. 4 AND 5**

15 Defendants

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17 Before the Court is "Defendants' Joint Motion In Limine No. 4: Joint Motion To
18 Preclude VNUS From Arguing That The CoolTouch Method Infringes The Asserted Claims
19 or Seeking Lost Profits, As A Sanction For Its Disregard of Judge Larson's Discovery
20 Order," filed October 1, 2007. Also before the Court is plaintiff's "Motion In Limine To
21 Exclude Expert Trial Testimony Of J. Kevin McGraw On Opinions Not Contained In His
22 Expert Report," filed September 13, 2007 ("Plaintiff's Motion In Limine No. 4"), and
23 plaintiff's "Motion In Limine To Exclude Expert Testimony Of Drs. Laura B. Stamm And
24 Brian W. Napper On Opinions Lacking An Adequate Factual Basis," filed October 1, 2007
25 ("Plaintiff's Motion In Limine No. 5"). The matters were argued at the Pretrial Conference
26 conducted October 16, 2007. Having considered the parties' submissions in support of and
27 in opposition to the motions, and the arguments of counsel made at the Pretrial
28 Conference, the Court rules as follows.

1 The above-referenced motions pertain to the parties' respective discovery
 2 disclosures regarding whether a person practicing the "CoolTouch" procedure would
 3 infringe the claims at issue herein. CoolTouch sells certain products, and includes with its
 4 products instructions on how to perform endovenous laser treatment using its products.
 5 (See Steenburg Decl., filed October 1, 2007, Ex. A.) Plaintiff has identified CoolTouch as a
 6 "competitor" of plaintiff. (See Nguyen Decl., filed October 9, 2007, Ex. 13 at 131:9-23.)

7 "To get lost profits as actual damages, the patent owner must demonstrate that
 8 there is a reasonable probability that, but for the infringement, it would have made the
 9 infringer's sales." State Industries, Inc. v. Mor-Flo Industries, Inc., 883 F. 2d 1573, 1577
 10 (Fed. Cir. 1989). "A standard way of proving lost profits, first announced in Panduit Corp.
 11 v. Stahlin Bros. Fibre Works, 575 F. 2d 1152, 1156, 197 USPQ 726, 730 (6th Cir. 1978), is
 12 for the patent owner to prove: (1) demand for the patented product, (2) absence of
 13 acceptable noninfringing substitutes, (3) his manufacturing and marketing capability to
 14 exploit the demand, and (4) the amount of the profit he would have made." Id. "[A]
 15 patentee is not entitled to lost profits if the patentee fails to establish any of the above
 16 requirements." SmithKline Diagnostics, Inc. v. Helena Laboratories Corp., 926 F. 2d 1161,
 17 1165 (Fed. Cir. 1991).¹

18 Defendants argue that plaintiff did not timely disclose any evidence showing the
 19 CoolTouch procedure infringes, that plaintiff lacks any justification for failing to timely
 20 disclose such evidence, and that, if plaintiff is allowed to offer such evidence at trial,
 21 defendants would be prejudiced. The Court agrees.

22 First, plaintiff's disclosures on the issue of whether the CoolTouch procedure
 23 infringes are untimely. Defendants timely served an interrogatory request, a request for an
 24 admission, and request that plaintiff produce a Rule 30(b)(6) witness, each of which
 25 specifically sought plaintiff's evidence and/or position on the issue of whether the

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 27 ¹As plaintiff observed at the Pretrial Conference, the Panduit test is "a nonexclusive
 28 standard for determining lost profits." See State Industries, 883 F. 2d at 1577. In the
 instant case, however, plaintiff has identified no other applicable standard.

1 CoolTouch procedure infringed. Plaintiff failed to provide a substantive response to any of
 2 said discovery requests until September 7, 2007, when plaintiff served a supplemental
 3 answer to defendants' interrogatories, asserting that users following the CoolTouch
 4 procedure would infringe plaintiff's '084 Patent. (See Steenburg Decl., filed October 1,
 5 2007, Ex. K.) Further, it was not until October 1, 2007 that plaintiff disclosed the name of a
 6 witness who would testify that the CoolTouch procedure infringes, at that time identifying as
 7 a "fact" witness CoolTouch's Chief Executive Officer, Brian E. Farley ("Farley"); plaintiff
 8 stated Farley would testify on the subject of "infringement by [d]efendants and other
 9 competitors such as CoolTouch." (See Joint Pretrial Statement, filed October 1, 2007 at
 10 12:12-19.) Given that the deadline to complete fact discovery was May 30, 2007, such
 11 disclosures are untimely.²

12 Second, plaintiff's argument that it was justified in making untimely disclosures is
 13 unpersuasive. The only justification plaintiff offers is plaintiff's assertion that it was not
 14 aware, until two weeks before it made its September 7, 2007 disclosure, that the question
 15 of infringement by CoolTouch was relevant herein. As plaintiff "certainly view[s]
 16 [CoolTouch] as a competitor," (see Nguyen Decl. Ex. 13 at 131:9-23), the relevance of the
 17 information sought by defendants' early and repeated discovery requests is readily
 18 apparent. See SmithKline Diagnostics, 926 F. 2d at 1165 (providing plaintiff "not entitled to
 19 lost profits" unless plaintiff offers evidence of "absence of an acceptable, non-infringing
 20 substitute for the patented product"). Moreover, plaintiff's former Chief Financial Officer,
 21 Tim Marcotte, has testified that plaintiff, in 2005, accused CoolTouch of infringing the same
 22 claims at issue herein. (See Nguyen Decl. Ex. 14 at 155:5-10, 165:6-15.)

23 Finally, the Court finds defendants would be prejudiced if plaintiff were permitted to
 24 offer testimony on the issue of whether the CoolTouch procedure infringes. When Farley,
 25 in his capacity as a Rule 30(b)(6) witness, was explicitly asked on August 15, 2007 for
 26 plaintiff's view as to whether the CoolTouch procedure infringed, Farley stated plaintiff had

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 28 ²Plaintiff has never disclosed an expert who has an opinion as to whether the
 CoolTouch procedure infringes.

1 not "made an analysis" of whether the CoolTouch method infringed, and thus did not
 2 provide any opinion on the issue. (See *id.* Ex. 13 at 124:23-125:6.) Given Farley's
 3 response, defendants had no reason to conduct further discovery relevant thereto, and
 4 have not had an opportunity to examine Farley as to the basis of his newly-offered opinion.

5 Accordingly, the Court will grant defendants' motion in limine to the extent
 6 defendants seek to preclude plaintiff from offering evidence that the CoolTouch method
 7 infringes.

8 Defendants further request an order precluding plaintiff from offering any evidence
 9 that plaintiff is entitled to lost profits. Defendants, however, have not argued, let alone
 10 shown, that plaintiff failed to timely disclose evidence that the CoolTouch procedure, even if
 11 noninfringing, is not an "acceptable" substitute. See, e.g., *SmithKline Industries*, 926 F. 2d
 12 at 1166 (observing "[i]f purchasers are motivated to purchase because of particular
 13 features of a product available only from the patent owner and infringers, products without
 14 such features would obviously not be acceptable noninfringing substitutes") (emphasis in
 15 original).

16 Accordingly, to the extent defendants seek to preclude plaintiff from offering any
 17 evidence to prove plaintiff's entitlement to lost profits, defendants' motion will be denied.³

18 Plaintiff's motions in limine seek, respectively, to preclude defendants from offering
 19 expert testimony to establish the CoolTouch procedure does not infringe, and to preclude
 20 defendants' damages experts from assuming such expert testimony will be given by
 21 defendants. Because defendants have indicated they do not plan to offer evidence that the
 22 CoolTouch procedure does not infringe unless plaintiff offers testimony that the CoolTouch
 23 procedure infringes, the Court will deny plaintiff's motions, without prejudice, as moot.

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26 ³Plaintiff apparently has not disclosed an expert who will testify that the CoolTouch
 27 procedure is not an "acceptable" substitute. Because plaintiff has not described in its filings
 28 with the Court the nature of the non-expert evidence plaintiff seeks to offer on the issue of
 acceptability, the Court has had no occasion to consider whether such evidence would be
 admissible under Rule 701 or otherwise, or whether such evidence was timely disclosed.

CONCLUSION

For the reasons stated:

1. Defendants' Motion In Limine No. 4 is hereby GRANTED in part and DENIED in part, as follows:

5 a. The motion is GRANTED to the extent defendants seek to prohibit plaintiff
6 from offering evidence that the CoolTouch procedure infringes the claims at issue herein.

b. In all other respects, the motion is DENIED.

2. Plaintiff's Motion In Limine No. 4 and Motion In Limine No. 5 are DENIED as moot.

IT IS SO ORDERED.

Dated: October 22, 2007

Maxine M. Chesney
MAXINE M. CHESNEY
United States District Judge